

# Federal Budget.

2025-26

26 March 2025

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# Introduction

On 25 March 2025, the Treasurer, Jim Chalmers, delivered his fourth Federal Budget for the Albanese Government.

With a Federal election to take place in May 2025, the economy is likely to be at the forefront of the Government's re-election campaign. This Federal Budget brings the Government's policies, plans and progress together in one document. It is the launching pad for their re-election campaign.

Treasurer, Jim Chalmers:<sup>1</sup>

"It will be a responsible budget which helps with the cost of living, builds our future and makes our economy more resilient in this new world of global uncertainty. Our economic plan is working but there is more to do. The Budget will flesh out and advance that plan for prosperity."

## Global uncertainty

The global economy may have been resilient in 2024, with inflation moderating, headline inflation back to central bank targets in most economies and unemployment rates remaining low.<sup>2</sup> However, the 2025 calendar year has seen increased geopolitical and policy uncertainty, which resulted in the OECD downgrading the projected global gross domestic product (GDP) growth.<sup>3</sup>

Changes in trade policies – imposition of tariffs where exemptions previously applied or increased tariffs between trading partners – could create barriers to international trade and further fragmentation of the global economy. Trade restrictions could increase price of imports, raise production costs for businesses and reduce living standards for consumers.

The geopolitical risks remain elevated with the ongoing conflict in Middle East and war in Ukraine.

## Australian economy rebounding

The Australian National Accounts released by the Australian Bureau of Statistics (ABS) for the December 2024 quarter provided encouraging signs that the Australian economy is rebounding, however Australia still has many challenges ahead, both globally and domestically.<sup>4</sup>

In the December 2024 quarter, underlying inflation was 3.2 per cent and headline inflation was 2.4 per cent, dropping substantially since the peak of 7.8 per cent in 2022, and the lowest since the June 2020 quarter.<sup>5</sup>

The unemployment rate was lower than the historical average at 4 per cent. The participation rate<sup>6</sup> remained at its peak of 67 per cent and underemployment at its lowest of 6.0 per cent.<sup>7</sup>

<sup>1</sup> Speeches, Jim Chalmers, [Address to Queensland Media Club](#), Brisbane, 18 March 2025.

<sup>2</sup> OECD (2024), [OECD Economic Outlook, Volume 2024 Issue 2](#), No. 116, OECD Publishing, Paris.

<sup>3</sup> OECD (2025), [OECD Economic Outlook, Interim Report March 2025: Steering through Uncertainty](#), OECD Publishing, Paris.

<sup>4</sup> Transcript, Jim Chalmers, [Press Conference Brisbane](#), 6 March 2024.

<sup>5</sup> Media Release, ABS, [CPI rises 0.2% in the December 2024 quarter](#), 29 January 2025.

<sup>6</sup> Proportion of people working and/or looking for work.

<sup>7</sup> The Mckell Institute, [Assessing employment record](#), March 2025.

The Reserve Bank of Australia (RBA) recognised the progress inflation has made, making the decision to cut the cash rate by 25 basis point to 4.1 per cent, the first cut since 2020.<sup>8</sup> However, the RBA Board made it clear that, even though inflation is headed in the right direction, the economic outlook remains uncertain and there are no guarantees there will be cuts to the cash rate in the near future.

### » Uncertainties and pressures

Australia is facing uncertainties domestically; based on the recent domestic data the paths of unemployment, activity and inflation going forward are unclear and there are uncertainties around the extent of excess demand in the labour markets.<sup>9</sup> Globally, uncertainties are arising from our trade policies, including the United States decision to impose tariffs on Australian steel and aluminium.<sup>10</sup> There may also be broader policy uncertainty with elections underway or anticipated in Europe, Asia and China, along with uncertainty about the fiscal policy outlook in China.<sup>9</sup>

The economic data may indicate that the Australian economy is on the road to recovery; however uncertainties remain, and Australians are still under pressure.

For households with mortgages, repayment obligations have increased substantially since the rate increases commenced in May 2022. Repayment obligations represent a high share of household income. In addition, high inflation has permanently increased the price of goods and services, placing greater strain on household budgets.<sup>11</sup>

According to the ABS, for the month of January 2025 Australians are paying more for food,<sup>12</sup> rent, health, education and insurance. The Commonwealth Energy Bill Relief Fund has provided household relief from electricity price increases and the lower global oil prices has led to automotive fuel prices falling.<sup>13</sup>

Australian businesses are finding the economic conditions challenging. Business costs, both labour and non-labour, have increased, but businesses are unable to fully pass through the costs into selling prices, as there may be weak demand and/or price sensitivity from consumers. This is placing downward pressure on margins. The depreciation of the Australian dollar could cause the price of imported consumer goods to increase in coming quarters. Further some businesses are facing higher labour costs as they are offering larger wage increases than otherwise to attract and retain staff, due to the tight labour market conditions.<sup>9</sup>

<sup>8</sup> RBA, [Statement by the Reserve Bank Board: Monetary Policy Decision](#), 18 February 2025.

<sup>9</sup> RBA, [Statement on Monetary Policy](#), February 2025.

<sup>10</sup> Media Release, Anthony Albanese, [Statement on United States tariffs](#), 12 March 2025.

<sup>11</sup> Media Conference, Michele Bullock, Governor, [Monetary Policy Decision](#), 18 February 2025.

<sup>12</sup> Government directed the ACCC to conduct a review into supermarket pricing and competition, the final report was released on 21 March 2025. The ACCC confirmed the market dominance of the big supermarkets and makes recommendations to help deliver fairer prices for families and fairer deals for farmers. The Government agrees in principle with the recommendations.

<sup>13</sup> ABS, [Monthly Consumer Price Index Indicator](#), January 2025.

## Building Australia's future

From the first day in the job, the Prime Minister and his Cabinet have been focused on laying the foundations to build a stronger and better Australia.

Prime Minister, Anthony Albanese:

"We know that building Australia's future depends on building a stronger, more competitive, more resilient and more productive economy."<sup>14</sup>

Australia is facing uncertainties both globally and domestically; a stronger economy that works for the people will enable Australia to be prepared to deal with the uncertainties and seize the opportunities that arise.

"Responsible economic management is about meeting your responsibility to the future. Investing in the energy and industry and infrastructure and trade and technology that will power our growth in the years ahead. And investing in Australians – people's skills and education, housing and health care, the next generation of secure, well-paid jobs in every part of our country."<sup>15</sup>

## Strengthening Medicare

Building a better future for Australians, requires strengthening of the health care system.

Prime Minister, Anthony Albanese:

"Strengthening Medicare, strengthening our hospital system and putting health at the centre of our agenda."<sup>16</sup>

The foundation of Australia's health care system is Medicare. It requires funding and improvements to continue to meet Australia's health care needs. The Government has made investments in Medicare to expand bulk billing incentives to all Australians and opened more Urgent Care Clinics to help more Australians see a general practitioner for free.

The Pharmaceutical Benefits Scheme (PBS) provides universal and affordable access to medicines to Australians. The Government's Cheaper Medicine reforms have resulted in cost reductions, 60-day prescriptions for Australians with an ongoing health condition, and freezing the cost of PBS medicine from 1 January 2025.<sup>17</sup>

More affordable health care is one of the Government's cost-of-living relief measures, designed to assist people, and lower the pressure on inflation.

The Government announced that the Budget will include further cuts to the cost of medicines. It is proposed that from 1 January 2026, for every Australian with a Medicare card who is not a concession card holder, the maximum amount for a PBS prescription will be \$25.<sup>17</sup>

<sup>14</sup> Speech, Anthony Albanese, [AiG industry meets Canberra dinner](#), 10 February 2025.

<sup>15</sup> Speech, Anthony Albanese, [Address to the National Press Club](#), 24 January 2025.

<sup>16</sup> Speech, Anthony Albanese, [2025 Australian Pharmacy Professional Conference](#), 20 March 2025.

<sup>17</sup> Media Release, Mark Butler, [Strengthening Medicare: Cheaper medicines to get even cheaper](#), 20 March 2025.

## Investing in every stage of education

Education is essential to building Australia's future. A good education can change a life and a good education system can change the country for the better.

Minister for Education, Jason Clare:

"If we're going to build the country of our imagination, then we need people to build it. We've got to build the skills of the workforce today and tomorrow. We've got to make sure that more young people finish school and then go on to TAFE or to university and can build the career of their dreams."<sup>18</sup>

According to The Australian Universities Accord,<sup>19</sup> for Australia to meet its future skills and employment needs, more Australians need tertiary qualifications. In response, the Government has set a target of lifting tertiary education attainment to 80 per cent of working people age by 2050. To achieve this target, the Government is reforming every stage of the education system.<sup>20</sup>

- ◇ Early education — three days a week of government supported early education and care for every child who needs it, to ensure children are ready to start school, ready to learn<sup>21</sup>
- ◇ Public schools — Better and Fairer Schools is an agreement between the Commonwealth, state and territories to help create a better and fairer education system for all students. Public schools will receive full and fair funding, which will be tied to reforms to help students catch up, keep up and finish school.<sup>22</sup>
- ◇ Universities — proposed structural reforms to set the tertiary education system up for the future, including an Australian Tertiary Education Commissioner, a Managed Growth Funding system, and Needs-based Funding.<sup>23</sup> Proposed cost of living relief in the form of a one-off 20 per cent reduction on all existing student loan debts.<sup>24</sup>
- ◇ TAFE — delivering fee-free TAFE has given Australians the chance to learn new skills for new jobs. The Free TAFE Bill 2024 proposes to provide ongoing financial support to the states and territories for the delivery of Free TAFE and vocational education and training (VET) places.<sup>25</sup>
- ◇ Apprenticeships — proposal to provide eligible apprentices \$10,000 in incentive payments, on top of their wages, over the life of their apprenticeship to work in housing construction.<sup>26</sup>

<sup>18</sup> Transcript, Anthony Albanese, [Press conference-Canberra](#), 24 March 2025.

<sup>19</sup> Australian Government, [Australian Universities Accord Final Report](#), February 2024. The biggest and broadest review of the higher education system sector in 15 years.

<sup>20</sup> Speech, Jason Clare, [Universities Australia Solutions Summit](#), 25 February 2025.

<sup>21</sup> On 20 February 2025, Early Childhood Education and Care (Three Day Guarantee) Bill 2025, received Royal Assent as Act No 12 of 2025.

<sup>22</sup> Media Release, Anthony Albanese, [All Australian public schools now on a path to full and fair funding](#), 24 March 2025.

<sup>23</sup> Australian Government, [Australian Universities Accord: 2024-25 MYEFO Summary](#), December 2024. Reforms implemented include, Commonwealth Prac Payment, the expansion of FEE-Free Uni Ready Courses and reforming the indexation of student debts.

<sup>24</sup> Media Release, Anthony Albanese, [Albanese labor Government to cut a further 20 per cent off all student loan debts](#), 3 November 2024.

<sup>25</sup> The Senate referred the Free TAFE Bill 2024 to the Senate Education and Employment Legislation Committee. The committee recommended that the Senate pass the bill.

<sup>26</sup> Media Release, Anthony Albanese, [Building Australia's future by investing in our apprentices](#), 24 January 2025.

## Future made in Australia

The Prime Minister announced his vision for a Future Made in Australia in the 2024–25 Federal Budget – a plan to build a stronger, more diversified and more resilient economy powered by clean energy, in a way that creates secure, well-paid jobs and delivers benefits to communities across the country.<sup>27</sup>

Since the initial announcement, the Government has progressed a range of reforms to implement this vision, including legislating the Future Made in Australia Act 2024<sup>28</sup>, the Guarantee of Origin scheme<sup>29</sup>, and the critical mineral production and hydrogen production tax incentives.

Funding has been allocated from the Future Made in Australia Innovation Fund<sup>30</sup> to support industry and science. The Clean Energy Finance Corporation (CEFC) received funding to support investment in renewable energy generation and energy storage projects.<sup>31</sup>

The Government also sees a future in artificial intelligence (AI) and automation to promote economic and productivity growth. The National AI Capability Plan will grow investment, strengthen AI capabilities, boost AI skills and secure economic resilience.<sup>32</sup>

A Future made in Australia needs investment from the private sector. To make it simpler to invest in Australia and attract more global and domestic capital, the Government is establishing the Front Door for investors.<sup>33</sup>

<sup>27</sup> Commonwealth Government, Budget 2024–25, A Future Made in Australia.

<sup>28</sup> Received Royal Assent on 10 December 2024 as Act. No 119 of 2024, which legislated the National Interest Framework, introduced a robust sector assessment process, and outlines the Community Benefit Principles that will apply to investment decisions.

<sup>29</sup> On 10 December 2024, the Future Made in Australia (Guarantee of Origin) Bill 2024 received Royal Assent as Act. No 121 of 2024, establishing the voluntary Guarantee of Origin (GO) scheme. An Australian Government-backed emissions accounting framework, to support the development of Australia's green industries.

<sup>30</sup> Announced in the 2024–25 Federal Budget to provide up to \$1.5 billion in grant funding to support pre-commercial innovation, demonstration and deployment of renewable energy and low emission technologies, to support Australia's transition to a net zero economy.

<sup>31</sup> Media Release, CEFC, [CEFC welcomes additional \\$2 billion capital allocation from Australian Government](#), 14 February 2025.

<sup>32</sup> Media Release, Ed Husic, [An Australian-first AI Plan to boost capability](#), 16 December 2024.

<sup>33</sup> Commonwealth of Australia, MYEFO 2024–25, December 2024, pages 14.

## The MYEFO updates

The Mid-Year Economic and Fiscal Outlook (MYEFO) 2024–25, which updates the economic and fiscal outlook from the previous Federal Budget, was released on 18 December 2024. It takes into account the decisions made since the release of the 2024–25 Federal Budget, and therefore revises the Federal Budget aggregates. It stated that<sup>34</sup>:

- ◇ Economic growth in Australia is expected to increase from 1.4 per cent in 2023–24 to 1¾ per cent in 2024–25, and then to 2¼ per cent in 2025–26.
- ◇ Inflation has moderated substantially in the Australian economy across both headline and underlying measures. Inflation returned to the RBA's target band for the first time since 2021 in the September quarter 2024. Underlying inflation fell by 0.5 percentage points in the September quarter to its lowest level in almost three years.
- ◇ Employment growth is expected to remain positive but moderate over time. Labour force participation is forecast to remain near its peak.
- ◇ The unemployment rate is low by historical standards and is expected to remain comparatively low over the forecast period, rising modestly to 4½ per cent by June 2025.
- ◇ Nominal wage growth has eased but is expected to remain above its 10-year pre-pandemic average of 2.7 per cent. Real wages are expected to grow over the forecast period due to a combination of solid wage growth and moderating inflation.
- ◇ Investment will support growth in the economy in the period ahead, with business investment forecast to remain at around decade highs and dwelling investment expected to pick up.
- ◇ A deficit of \$26.9 billion is forecast for 2024–25, an improvement on the 2024–25 Budget.
- ◇ The underlying cash balance is projected to improve over the medium term, returning to balance by 2034–35.
- ◇ Gross debt is expected to stabilise at 36.7 per cent of GDP at 30 June 2027, before declining to 31.4 per cent of GDP by 30 June 2035.

The MYEFO announced measures aimed at easing cost-of-living pressures, investing in a Future Made in Australia, strengthening Medicare and the care economy, broadening opportunity and advancing equality, safeguarding our people and environment.<sup>35</sup>

<sup>34</sup> Commonwealth of Australia, MYEFO 2024–25, December 2024, pages 2 to 6

<sup>35</sup> Commonwealth of Australia, MYEFO 2024–25, December 2024, pages 2.

## RBA snapshots of the economic landscape

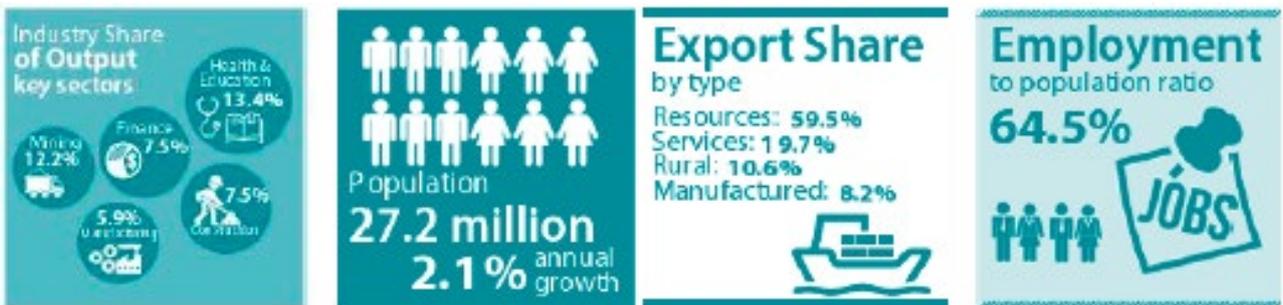
At 19 February 2025

Reserve Bank of Australia snapshots of the Australian economy — at 19 February 2025

Economic indicators<sup>36</sup>



Composition of the Australian economy<sup>37</sup>



Some household statistics



<sup>36</sup> RBA, *Key Economic Indicators Snapshot*, 19 February 2025, viewed 24 March 2025.

<sup>37</sup> RBA, *Composition of the Australian Economy Snapshot*, 19 February 2025, viewed 24 March 2025.

## Key information 2025–26 Federal Budget

	\$billion	Forecasts <sup>38</sup> (\$billion)				
	Actual 2023–24	Budget 2024–25	Budget 2025–26	Budget 2026–27	Budget 2027–28	Budget 2028–29
Underlying cash position <sup>39</sup>	15.8	(27.6)	(42.1)	(35.7)	(37.2)	(36.9)
Economic growth						
Real GDP	1.40%	1.50%	2.25%	2.50%	2.75%	2.75%
Nominal GDP	4.10%	4.25%	3.25%	4.00%	5.25%	5.50%
Unemployment rate	4.00%	4.25%	4.25%	4.25%	4.25%	4.25%
CPI – inflation	3.80%	2.50%	3.00%	2.50%	2.50%	2.50%
Net debt	491.5	556.0	620.3	676.3	714.1	768.2

### Measures implemented since the 2024–25 Federal Budget

#### » Income tax and related measures

Tax policy decisions which have been announced since the 2024–25 Federal Budget include:

Policy – not yet law	Detail
Deductions for interest on foreign bail-in bonds <sup>40</sup>	Proposal to amend the law to allow bail-in bonds for Australian branches of foreign banks to continue to be treated as debt for tax purposes, enabling deductibility of interest payments. Measure will apply retrospectively.
Deductible gift recipients (DGRs) – Philanthropic giving measures <sup>41</sup>	Proposal to remove the requirement that a gift to a DGR must be at least \$2 before a donor can claim a deduction, applies to gifts made from 1 July 2024. <sup>42</sup> Proposal to align and increase the minimum annual distribution rate for public and private ancillary funds and allow ancillary funds to smooth distributions over three years.

<sup>38</sup> Commonwealth of Australia, Budget 2025–26, Budget paper No. 1, pages 6 and 7.

<sup>39</sup> Underlying cash position – a reduction in the underlying cash balance means that the government must borrow more and as a consequence the interest cost on the higher public debt increases.

<sup>40</sup> Commonwealth of Australia, MYEFO 2024–25, December 2024 page 198.

<sup>41</sup> Commonwealth of Australia, MYEFO 2024–25, December 2024 page 197.

<sup>42</sup> Media Release, Andrew Leigh, [Supporting philanthropic giving](#), 5 December 2024.

Policy – not yet law	Detail
Higher Education Loan Program (HELP) debt – 20 per cent reduction <sup>43</sup>	Proposal to provide a one-off reduction of 20 per cent on the outstanding balance of debts for HELP loans and other income-contingent student loans, and to introduce a marginal repayment system including increasing the minimum repayment threshold and indexing the threshold to grown in average earnings, effective from 1 July 2025. <sup>44</sup>
International tax – Australia-Slovenia double tax agreement (DTA) <sup>45</sup>	The Government has signed a DTA between Australia and the Republic of Slovenia. The DTA will enter into force after both Australia and Slovenia have completed their domestic processes for ratification. <sup>46</sup>
Location offset <sup>47</sup>	Proposal to reduce the minimum Qualifying Australian Production Expenditure (QAPE) threshold from \$20 million to \$15 million for feature films under the Location Offset, over two years from 2026–27.
R&D tax – exclude gambling and tobacco from tax incentive	Proposal to exclude activities related to gambling and tobacco from R&D tax incentive eligibility for income years starting on or after 1 July 2025. <sup>48</sup>

### » Other significant measures

Other relevant measures that have been announced:

- ◇ *The Tax Agent Services (Code of Professional Conduct) Determination 2024* introduced eight additional obligations to supplement the existing Code of Professional Conduct and strengthen the integrity and accountability in the tax profession<sup>49</sup> – application date is either 1 July 2025 or 1 January 2025 depending on the number of employees in the firm.
- ◇ Changes to foreign purchases of established dwellings – from 1 April 2025 foreign persons will be temporarily banned from purchasing established dwellings in Australia unless an exception applies.<sup>50</sup>
- ◇ Gaps in current penalty regime – proposal to amend the tax law to strengthen the current penalty tax regime, including ensuring tax scheme penalties apply where taxpayers are in a loss position, and penalising large taxpayers that mischaracterise or undervalue interest or dividend payments to which withholding tax would otherwise apply, effective from 1 July 2026.<sup>51</sup>

43 Commonwealth of Australia, MYEFO 2024–25, December 2024, page 188.

44 Media Release, Anthony Albanese, [Albanese Labor Government to cut a further 20 per cent off all student loans debt](#), 3 November 2024.

45 Commonwealth of Australia, MYEFO 2024–25, December 2024 page 193.

46 Media Release, Andrew Leigh, [Australia signs a tax treaty with Slovenia](#), 9 September 2024.

47 Commonwealth of Australia, MYEFO 2024–25, December 2024 page 283.

48 Commonwealth of Australia, MYEFO 2024–25, December 2024 page 197.

49 Media Release, Stephen Jones, [Albanese government lifts professional standards for tax practitioners](#), 1 August 2024.

50 Treasurer, Jim Chalmers, [Albanese Government clamping down on foreign purchase of established homes and land banking](#), 16 February 2025.

51 Commonwealth of Australia, MYEFO 2024–25, December 2024, page 195.

- ◇ Tax administration – modernising tax administration systems, including improvements to ATO systems to enable prefill of trust income for beneficiaries.<sup>51</sup>

The Government's three-part economic strategy is relief, repair and reform. The biggest progress on the reform pillar, to lay the foundation for future growth, was evident when the Government passed 11 Treasury bills through the Senate during the final sitting of Parliament for 2024.<sup>52</sup>

A number of key tax policy decisions that were previously announced and are now law, include:

Policies that are now law	Detail
Medicare exemption for lump sum payments <sup>56</sup>	From 1 July 2024, eligible lump sum payments received in arrears are excluded when determining a resident taxpayer's liability for the Medicare Levy.
Multinational tax transparency – country by country (CBC) reporting <sup>56</sup>	Certain large multinational enterprises, CBC reporting parents, are required to publish selected tax information – applies to reporting periods commencing on or after 1 July 2024.
Multinational – Global and Domestic Minimum Tax <sup>53</sup>	Implements a 15 per cent global minimum tax and domestic minimum tax (top-up tax) as part of the OECD/G20 Two-Pillar Solution to address tax challenges arising from digitalisation of the economy – generally for fiscal years beginning on or after 1 January 2024.
Foreign resident capital gains withholding (FRCGW) payments <sup>54</sup>	The FRCGW regime was modified to: <ul style="list-style-type: none"> <li>◇ increase the withholding rate to 15 per cent; and</li> <li>◇ remove the \$750,000 threshold, so that foreign residents are subject to FRCGW requirements regardless of the market value of the CGT asset.</li> </ul>
Petroleum resource rent tax (PRRT) deductions cap <sup>55</sup>	Amendments to effectively cap the availability of deductible expenditure incurred by a person in relation to a petroleum project for a year of tax.

<sup>52</sup> Media release, Jim Chalmers, [Legislative change to reform Australia's economy](#), 28 November 2024.

<sup>53</sup> On 10 December 2024 Taxation (Multinational – Global and Domestic Minimum Tax) Bill 2024, Taxation (Multinational – Global and Domestic Minimum Tax) Imposition Bill 2024 and Treasury Laws Amendment (Multinational – Global and Domestic Minimum Tax) Consequential Bill 2024, received Royal Assent as Act No. 132, 133 and 134 of 2024.

<sup>54</sup> On 10 December 2024, Treasury Laws Amendment (2024 Tax and Other Measures No. 1) Bill 2024, received Royal Assent as Act No. 135 of 2024.

<sup>55</sup> On 31 May 2024, Treasury Laws Amendment (Tax Accountability and Fairness) Bill 2023, received Royal Assent as Act No. 37 of 2024.

Build to rent (BTR) development tax incentive <sup>56</sup>	<p>Concessions for eligible BTR developments:</p> <ul style="list-style-type: none"> <li>◊ Capital works deduction – accelerated rate of 4 per cent for active BTR developments</li> <li>◊ Reduced final withholding tax rate on eligible fund payments – 15 per cent – on rental income paid on or after 1 July 2024, or an amount which is attributable to a capital gain from a CGT event that happens on or after 1 July 2024.</li> </ul>
Hydrogen production tax incentives (HPTI) <sup>57</sup>	<p>A refundable tax offset of \$2 per kilogram of eligible hydrogen produced by eligible companies.</p> <p>The HPTI applies to hydrogen produced in income years commencing on or after 1 July 2027 and ending before 1 July 2040.</p> <p>There is no cap on the amount of offset that a company can receive under this incentive. Both the company and the hydrogen must satisfy the eligibility criteria.</p>
Critical minerals production tax incentive (CMPTI) <sup>57</sup>	<p>A refundable tax offset of 10 per cent of the eligible costs of processing certain critical minerals in Australia.</p> <p>The offset will be available for eligible companies for a maximum of 10 years between 1 July 2027 and 30 June 2040.</p>
Changes to the location offset and producer offset <sup>58</sup>	<p>Amendments to the location offset to increase the:</p> <ul style="list-style-type: none"> <li>◊ rate of the location offset to 30 per cent of the company's total QAPE on a film</li> <li>◊ minimum QAPE threshold to \$20 million for films and \$1.5 million per hour for certain television series.</li> </ul> <p>An additional test to enable a film production company to qualify for the producer offset in relation to production of a drama series.</p>
Small business energy incentive <sup>59</sup>	<p>Provides small and medium businesses with access to a bonus deduction equal to 20 per cent of the cost of eligible assets or improvements to existing assets that support electrification or more efficient energy use.</p>
Instant asset write-off <sup>59</sup>	<p>Instant asset write-off threshold increased from \$1,000 to \$20,000 for small businesses from 1 July 2023 to 30 June 2024.</p>
Self-amendments by small and medium businesses <sup>54</sup>	<p>Extended the amendment period for small and medium business taxpayers from two to four years in certain circumstances.</p>

<sup>56</sup> On 10 December 2024, Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024, received Royal Assent as Act No. 138 of 2024.

<sup>57</sup> On 14 February 2025, Future Made in Australia (Production Tax Credits and Other Measures) Bill 2024, received Royal Assent as Act No. 9 of 2025.

<sup>58</sup> On 9 July 2024, Treasury Laws Amendment Delivering Better Financial Outcomes and Other Measures) Bill 2024, received Royal Assent as Act No. 67 of 2024.

<sup>59</sup> On 28 June 2024, Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2024, received Royal Assent as Act No. 52 of 2024.

Cap HELP indexation rate <sup>60</sup>	Indexation on HELP debt capped to the lower of either the CPI or the Wage Price Index (WPI).
Commonwealth penalty unit amount <sup>61</sup>	Increase in the value of the Commonwealth penalty unit from \$313 to \$330, with effect from 7 November 2024.
Federal Administrative Review Body <sup>62</sup>	Administrative Appeals Tribunal abolished and the Administrative Review Tribunal established, with effect from 14 October 2024.
Strengthening the integrity of the tax system <sup>55</sup>	Reforms to strengthen the integrity of the tax system, increasing the power of regulators and strengthening regulatory arrangements. <sup>63</sup>

Previously announced tax policy decisions that are still before Parliament include:

Policy – Not yet law	Detail
Instant asset write-off <sup>64</sup>	Proposes to increase the instant asset write-off threshold from \$1,000 to \$20,000 for small businesses, between 1 July 2024 and 30 June 2025.
Luxury car tax <sup>65</sup>	Proposes to update the definition of a fuel-efficient car; and amend the index number used to index the LCT threshold.
Denying deductions for ATO interest charge <sup>65</sup>	Proposes to deny deductions for ATO interest charges, specifically the general interest charge (GIC) and shortfall interest charge (SIC), incurred in income years starting on or after 1 July 2025.
Extending ATO notification period for retaining refunds <sup>65</sup>	Proposes to extend from 14 to 30 days the period within which the Commissioner must notify a taxpayer of a decision to retain a refund amount arising from a BAS or another notification under the BAS provisions for verification of information.

Tax policy decisions that are in the consultation phase include:

- ◊ Strengthening the foreign resident CGT regime – proposed reform to increase the integrity of the foreign resident CGT rules contained in Div 855 of the ITAA 1997.<sup>66</sup>

<sup>60</sup> On 5 December 2024, *Universities Accord (Student Support and Other Measures) Bill 2024*, received Royal Assent as Act No. 108 of 2024.

<sup>61</sup> On 24 October 2024, *Crimes and Other Legislation Amendment (Omnibus No. 1) Bill 2024*, received Royal Assent as Act No. 93 of 2024.

<sup>62</sup> On 3 June 2024, *Administrative Review Tribunal Act 2024*, received Royal Assent as Act No. 40 of 2024.

<sup>63</sup> This includes promoter penalty law reform, extending tax whistleblower protections, tax practitioner board reform and allowing information sharing between regulators and Treasury.

<sup>64</sup> *Treasury Laws Amendment (Tax Incentives and Integrity) Bill 2024*, additional Schedule inserted to increase the threshold to \$20,000 for 2024–25.

<sup>65</sup> The Senate Economics Legislation Committee (SELC) report issued in January 2025, recommended that *Treasury Laws Amendment (Tax Incentives and Integrity) Bill 2024* be passed.

<sup>66</sup> A consultation on the proposed reforms was conducted between 23 July to 20 August 2024.

- ◇ Tax regulatory secrecy exceptions – seeks views and feedback on when it would be in the public interest for information obtained by the ATO or the TPB to be shared with a specified body or agency for a specified non-tax purpose.<sup>67</sup>

### » Significant superannuation measures

Since the 2024–25 Budget, it was announced and regulations were registered<sup>68</sup> to enable individuals to exit certain legacy retirement products, together with any associated reserves.<sup>69</sup>

A selection of previously announced superannuation policy decisions, which are now law:

Policy	Detail
Deduction of adviser fees from superannuation <sup>70</sup>	To increase accessibility and affordability of personal financial advice
Non-arm's length expenditure for superannuation entities <sup>71</sup>	Amendments were made to the non-arm's length income (NALI) provisions which apply to expenditure incurred by superannuation funds, restricting the operation and application of the rules.
Objective of superannuation <sup>72</sup>	Legislated the objective of superannuation.
Superannuation on Government paid parental leave (PPL) <sup>73</sup>	The Government will pay superannuation on government-funded PPL, from 1 July 2025.

A selection of previously announced superannuation policy decisions, which are not yet law, include:

Policy – Not yet law	Detail
Access to offenders' superannuation <sup>74</sup>	Victims and survivors would be able to access offender's superannuation in certain circumstances
Better targeted superannuation concessions <sup>75</sup>	Proposes amendments to reduce the tax concessions available to individuals with Total Super Balances exceeding \$3 million (Proposed Div 296).

<sup>67</sup> The consultation process occurred between 20 December 2024 to 28 February 2025.

<sup>68</sup> On 6 December 2024, Treasury Laws Amendment (Legacy Retirement Product Commutations and Reserves) Regulations 2024 was registered F2024L01596.

<sup>69</sup> Commonwealth of Australia, MYEFO 2024–25, December 2024 pages 194.

<sup>70</sup> On 9 July 2024, Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024, received Royal Assent as Act No. 67 of 2024.

<sup>71</sup> On 28 June 2024, Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2024, received Royal Assent as Act No. 52 of 2024.

<sup>72</sup> On 10 December 2024, Superannuation (Objective) Bill 2023 received Royal Assent as Act No. 129 of 2024.

<sup>73</sup> On 1 October 2024, Paid Parental Leave Amendment (Adding Superannuation for a More Secure Retirement) Act 2024, received Royal Assent as Act No. 90 of 2024.

<sup>74</sup> Commonwealth of Australia, MYEFO 2023–24, December 2023, page 293.

<sup>75</sup> The SELC report issued on 10 May 2024 recommended that the Treasury Laws Amendment (Better Targeted Superannuation Concessions and Other Measures) Bill 2023 and the Superannuation (Better Targeted Superannuation Concessions) Imposition Bill 2023 be passed.

Payday Super	<p>The Government issued draft legislation and regulations for feedback.<sup>76</sup></p> <p>Proposal to redesign the Superannuation Guarantee charge (SGC) legislation to require employers to pay superannuation at the same time as salary and wages; and to update penalties and charges for late or missed payments.<sup>77</sup></p>
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## What we already know

The Government will deliver a responsible Budget, which has five major priorities<sup>78</sup>:

1. Supporting the recovery and rebuilding from Cyclone Alfred
2. Helping with cost of living, fighting against inflation and rebuilding living standards
3. Strengthening Medicare and funding more Urgent Care Clinics
4. Investing in every stage of education
5. Making the economy more competitive, dynamic and productive, for a new generation of prosperity.

Relevant tax policy decisions that the Government has confirmed ahead of Budget night, include:

- ◇ Managed investment trusts – proposal to amend the income tax laws to ensure legitimate investors can continue to access concessional withholding tax rates in Australia while strengthening guidelines to prevent misuse.<sup>79</sup>
- ◇ Taxation of digital assets and transactions – The Board of Taxation review confirmed the taxation of digital assets can be accommodated under the existing law and uncertainty can be managed by the ATO providing guidance materials. The ATO will form a working group to develop a package of publicly available crypto tax advice.<sup>80</sup>

Other relevant policy decisions include:

- ◇ Development of a fit-for-purpose digital asset regime – the Government released a Statement that outlines the four key pillar of its approach to digital assets.<sup>80</sup>
- ◇ Streamlined and strengthened foreign investment framework.<sup>81</sup>
- ◇ Delivering Better Financial Outcomes packages – proposals to reform the education requirements for professional financial advisers to create a sustainable pathway for new advisers to enter the profession<sup>82</sup> and to reform the financial advice rules, to ensure Australians can access quality and affordable financial advice.<sup>83</sup>

<sup>76</sup> Consultation process is between 14 March 2025 and 11 April 2025.

<sup>77</sup> Commonwealth of Australia, MYEFO 2024–25, December 2024 pages 13 and 299.

<sup>78</sup> Speech, Jim Chalmers, [Address to the Queensland Media Club](#), Brisbane, 18 March 2025.

<sup>79</sup> Media Release, Stephen Jones, [Clarifying tax arrangements for managed investment trusts](#), 13 March 2025.

<sup>80</sup> Media Release, Jim Chalmers, [Next steps in developing an innovative digital asset industry](#), 21 March 2025.

<sup>81</sup> Media Release, Jim Chalmers, [Delivering on a streamlined and strengthened foreign investment framework](#), 14 March 2025.

<sup>82</sup> Media Release, Stephen Jones, [Albanese Government creating a better pathway for financial advisers](#), 10 February 2025.

<sup>83</sup> Media Release, Stephen Jones, [Improving access to affordable and quality advice](#), 21 March 2025.

# Federal Budget summary

## Measures and start date at a glance

Budget measure	Application date
Individuals	
Tax cuts for every Australian taxpayer	2026–27 and 2027–28 income years
Increasing the Medicare levy low-income threshold	From 1 July 2024
Energy bill relief – two quarterly \$75 rebates	From 1 July 2025 to 31 December 2025
Reduced cost of PBS prescriptions to maximum of \$25	From 1 January 2026
Funding to Services Australia to implement the Child Care Subsidy 3 Day Guarantee	Four years from 2025–26
Further investment in the Help to Buy program	Five years from 2024–25
Business	
Extending energy bill relief	From 1 July 2025 to 31 December 2025
Ban non-compete clauses for low- and middle-income workers	From 2027, following consultation and passing of legislation
Close loopholes to stop businesses from making anticompetitive arrangements that cap workers' pay and condition, without their knowledge.	From 2027, following consultation and passing of legislation
Promote prompt 20-day payment times, to enable small businesses to receive timely payment for their work	
Funding to support small businesses by: <ul style="list-style-type: none"> <li>◇ increasing support for apprentices</li> <li>◇ stabilisation of Australia's business registers</li> <li>◇ reforming Australia's financial reporting governance arrangements</li> </ul>	From 2025–26 income year
Funding to support small businesses in the franchising sector	Two years from 2025–26
Tax exempt entities	
Certain organisations to be specifically listed as deductible gift recipients (DGR)	Gifts received after 30 June 2025

Budget measure	Application date
International	
Ban foreign investors from buying established homes From 1 April 2025 until 31 March	2026–27 and 2027–28 income years
Compliance	
Amend the tax laws for managed investment trusts (MITs)	From 1 July 2025 to 31 December 2025
Deferring the start date for: <ul style="list-style-type: none"> <li>◊ Extending the clean building MIT withholding tax concession</li> <li>◊ Strengthening the foreign resident capital gains tax regime</li> </ul>	First of the quarter after the Act receives Royal Assent  Later of 1 October 2025 or first of quarter after Act receives Royal Assent
Funding to the Tax Practitioners Board (TPB) to enhancing tax practitioner regulation and compliance.	Funding over four years from 1 July 2025
Strengthening tax integrity by extending and/or expanding funding for the following ATO compliance activities: <ul style="list-style-type: none"> <li>◊ Tax Avoidance Taskforce</li> <li>◊ Shadow Economy Compliance Program</li> <li>◊ Personal Income Tax Compliance Program</li> <li>◊ Tax Integrity Program</li> </ul>	Funding over four years from 1 July 2025
Other taxes	
Draft beer excise and excise equivalent customs duty rates –indexation paused	Two-year period, from August 2025
Excise remission scheme for manufacturers of alcohol beverages – cap increased for all eligible brewers, distillers and wine producers	From 1 July 2026
Other measures	
Women’s Budget Statement – various measures that focus on the five priorities	Various

## Budget measures

### Individuals

#### » 2025–26 Federal Budget – New personal income tax cuts

KEY POINTS
<ul style="list-style-type: none"> <li>◇ The Government has announced that it will deliver more personal income tax cuts to all Australian taxpayers in 2026 and 2027, adding to the first round delivered in July 2024.</li> <li>◇ The new tax cuts will be delivered over two years, and are intended to provide more cost-of-living relief, return bracket creep, and boost labour supply, particularly for women.</li> </ul>

As part of the 2025–26 Federal Budget, the Government announced that it will deliver new personal income tax cuts to every Australian taxpayer from 1 July 2026. The tax cuts are in addition to the first round of tax cuts that commenced on 1 July 2024.

**APPLICATION**  
2026–27 and 2027–28  
income years

The new tax cuts will be delivered over two years.

- ◇ From 1 July 2026, the 16 per cent tax rate, which applies to taxable income between \$18,201 and \$45,000, will be reduced to 15 per cent.
- ◇ From 1 July 2027, the 15 per cent rate will be reduced further to 14 per cent.

#### Resident individual taxpayer

Taxable income (tax brackets)	2024–25 and 2025–26		2026–27 First new tax cut		2027–28 Second new tax cut	
	Marginal tax rate	Cumulative tax	Marginal tax rate	Cumulative tax	Marginal tax rate	Cumulative tax
\$0 – \$18,200	Nil					
\$18,201 – \$45,000	16%		15%		14%	
\$45,001 – \$135,000	30%	\$4,288	30%	\$4,020	30%	\$3,752
\$135,001 – \$190,000	37%	\$31,288	37%	\$31,020	37%	\$30,752
\$190,001 and over	45%	\$51,638	45%	\$51,370	45%	\$51,102

The first tax cut provides a benefit of up to \$268, the first and second tax cut provide a total tax benefit of up to \$536.

*Source: Budget Paper No. 2 page 5;  
Budget Overview: Building Australia's Future page 12 and  
Treasurer's Media Release: New cost of living tax cuts under Labor, dated 25 March 2025*

## » 2025–26 Federal Budget – Increased Medicare levy low-income threshold

KEY POINTS
<ul style="list-style-type: none"> <li>◇ The Government has announced that the Medicare levy low-income thresholds will be increased for singles, families, and seniors and pensioners from 1 July 2024.</li> <li>◇ The effect of this change is that low-income individuals continue to be exempt from paying the Medicare levy or pay a reduced levy rate.</li> </ul>

As part of the 2025–26 Federal Budget, the Government announced that the Medicare levy low-income thresholds will be increased for singles, families, and seniors and pensioners from 1 July 2024. Individuals and families will not have to pay the Medicare levy if their individual or family taxable income is below the low-income threshold.

**START DATE**  
From 1 July 2024

#### Medicare low-income threshold changes

The changes to the Medicare levy low-income thresholds are as follows:

Medicare low-income threshold	Threshold as at 30 June 2024	Threshold from 1 July 2024
Singles	\$26,000	\$27,222
Families	\$43,846	\$45,907
Single – seniors and pensioners	\$41,089	\$43,020
Family – seniors and pensioners	\$57,198	\$59,886
Family – for each dependent child or student <sup>84</sup>	\$4,027	\$4,216

The increase to the thresholds ensures that low-income individuals continue to be exempt from paying the Medicare levy or pay a reduced levy rate.

Source: Budget Paper No. 2 page 5

<sup>84</sup> For each dependent child or student, the family income threshold increases by the stated amount.

» 2025–26 Federal Budget – Other measures affecting individuals

KEY POINTS

- ◇ The Government has announced a number of other initiatives to support individuals, including:
  - Energy bill relief in the form of two additional quarterly \$75 rebates directly off electricity bills through to 31 December 2025.
  - Cutting the cost of PBS prescriptions to a maximum of \$25 from 1 January 2026 for individuals with a Medicare card and no concession card.
  - Funding for Services Australia to make system changes to ensure consistency with the passing of recent legislation to implement the Child Care Subsidy 3 Day Guarantee.
  - Additional investment in the Help to Buy program, through increasing property price caps and increasing income caps from \$90,000 to \$100,000 for singles and from \$120,000 to \$160,000 for joint applications.

As part of the 2025–26 Federal Budget, the Government announced a number of other measures to support individuals, including providing:

- ◇ \$1.8 billion over two years from 2025–26 to continue energy bill rebates of \$75 per quarter for eligible Australian households and small businesses until 31 December 2025 to provide cost-of-living relief.
- ◇ \$784.6 million over four years from 2025–26 (and \$236.4 million per year ongoing) to lower the Pharmaceutical Benefits Scheme (PBS) general patient co-payment from \$31.60 to \$25.00 on 1 January 2026
- ◇ \$4.5 million over four years from 2025–26 to Services Australia to make system changes to ensure consistency with the passing of recent legislation to implement the Child Care Subsidy 3 Day Guarantee<sup>85</sup>. This measure extends the 2024–25 MYEFO measure titled Building Australia’s Future – Early Childhood Education and Care Reforms.
- ◇ \$0.8 billion in additional investment in the Help to Buy program, bringing total equity investments to \$6.3 billion, through increasing property price caps and increasing income caps from \$90,000 to \$100,000 for singles and from \$120,000 to \$160,000 for joint applications. This measure builds on the 2024–25 Budget measure titled Housing Support.

*Source: Budget Paper No. 2 pages 37, 46 and 75  
Budget Overview: Expanding access to high quality early education page 34 and  
Building more homes for Australians page 28  
Cost-of-living fact sheet*

## Businesses

### » 2025–26 Federal Budget – Small Business and Franchisee Support and Protection

KEY POINTS
<p>◇ The Government has announced that it will provide \$12.0 million over four years from 2025–26 to support and protect small businesses. Funding is to:</p> <ul style="list-style-type: none"> <li>• strengthen the ACCC’s enforcement of the Franchising Code – \$7.1 million over two years</li> <li>• improve ASIC’s data analytics capability to better target enforcement activities to deter illegal phoenixing activities, particularly in the construction sector – \$3.0 million over four years</li> <li>• establish a Social Enterprise Loan Fund to offer small loans to social enterprises, including work integration social enterprises, to support employment for disadvantaged Australians – \$1.2 million in 2025–26</li> <li>• Treasury to develop and consult on options to extend protections against unfair trading practices to small businesses and protect businesses regulated by the Franchising Code of Conduct from unfair contract terms and unfair trading practices – \$0.8 million in 2025–26.</li> </ul>

As part of the 2025–26 Federal Budget, the Government announced that it will provide \$12.0 million over four years from 2025–26 to support and protect small businesses.

The funding includes:

Recipient	Amount	Funding years	Purpose
Australian Competition and Consumer Commission	\$7.1 million	2025–26 and 2026–27	To strengthen regulatory oversight of the Franchising Code of Conduct
Australian Securities and Investments Commission	\$3.0 million	2025–26 to 2028–29	To improve its data analytics capability to better target enforcement activities to deter illegal phoenixing activities, particularly in the construction sector
White Box Enterprises	\$1.2 million	2025–26	To establish a Social Enterprise Loan Fund to offer small loans to social enterprises, including work integration social enterprises, to support employment for disadvantaged Australians

Recipient	Amount	Funding years	Purpose
Treasury	\$0.8 million	2025–26	To develop and consult on options to extend protections against unfair trading practices to small businesses and protect businesses regulated by the Franchising Code of Conduct from unfair contract terms and unfair trading practices.

**Note**

The Government has already provided partial funding for this measure. The cost of this measure will be partially met from within the existing resourcing of the Treasury.

*Source: Budget Paper No. 2 page 77;  
Budget Overview, page 45*

» **2025–26 Federal Budget – Supporting the hospitality sector and alcohol producers**

**KEY POINTS**

- ◇ The Government has announced that it will provide support to the hospitality sector and alcohol producers by:
  - pausing biannual indexation on draught beer excise and excise equivalent customs duty rates until August 2027
  - increasing the support available under the existing Excise remission scheme for manufacturers of alcoholic beverages and Wine Equalisation Tax producer rebate.
- ◇ These measures are estimated to decrease receipts by \$165.0 million over five years from 2024–25.

As part of the 2025–26 Federal Budget, the Government announced that it will pause indexation on draught beer excise and excise equivalent customs duty rates for a two-year period, from August 2025.

Under this measure biannual indexation of draught beer excise and excise equivalent customs duty rates due to occur in August 2025, February 2026, August 2026, and February 2027 will not occur. Biannual indexation will then recommence from August 2027.

The Government will also increase support available under the existing Excise remission scheme for manufacturers of alcoholic beverages (the Remission scheme) and Wine Equalisation Tax (WET) producer rebate (Producer rebate).

Currently, all eligible brewers and distillers can receive an excise remission under the Remission Scheme up to a cap of \$350,000. All eligible wine producers can currently receive a WET rebate up to a cap of \$350,000 under the Producer rebate. This measure will increase the caps for all eligible brewers, distillers and wine producers to \$400,000 per financial year, from 1 July 2026.

This measure is estimated to decrease receipts by \$165.0 million over five years from 2024–25.

Source: Budget Paper No. 2 page 8;  
Budget Overview, page 45

## » 2025–26 Federal Budget – Other measures affecting businesses

### KEY POINTS

- ◇ The Government has announced a range of initiatives to support small businesses, including:
  - extending energy bill relief
  - promoting 20-day payment times for certain contractors and subcontractors to ensure small businesses receive timely payment for their work
  - increasing the Disability Australian Apprentice Wage Support subsidy and the Living Away From Home Allowance to support apprentices
  - stabilisation of Australia’s business registers to improve the quality of information available to investors and creditors about directors and further support efforts to combat illegal phoenixing
  - delivering a better deal for small business in the franchising sector
  - banning non-compete clauses for low- and middle-income workers to allow Australian workers to move to more productive, higher-paying jobs and start their own business
  - providing funding to ASIC to identify and enforce action against those involved in illegal phoenixing.

In the lead up to the Budget and as part of the 2025–26 Federal Budget, the Government announced funding and a number of measures to support businesses, including the following initiatives:

**START DATE**  
From 2025–26  
income year

Measure	Support to be provided
Extending energy bill relief	Extending energy bill rebate of \$75 per quarter (up to \$150 in total) for eligible Australian small businesses until 31 December 2025. <sup>86</sup>
Small businesses to receive timely payment for their work	Promoting prompt 20-day payment times for contractors and subcontractors in the construction industry for work completed for Government Business Enterprises undertaking major construction activity, such as the NBN Co Ltd and Western Sydney Airport (WSA) Co Ltd.

<sup>86</sup> The energy bill rebates will also be provided to eligible Australia households until 31 December 2025.

Measure	Support to be provided
Increased support for apprentices	<p>Funding of \$722.8 million over four years from 2025–26 to deliver increased support for apprentices, including:</p> <ul style="list-style-type: none"> <li>◊ extending the existing New Energy Apprenticeships Program and the Australian Apprenticeship Incentive System</li> <li>◊ increasing the Disability Australian Apprentice Wage Support subsidy</li> <li>◊ increasing the Living Away From Home Allowance.</li> </ul>
Stabilisation of Australia's business registers	<p>Providing \$207.0 million to continue the stabilisation of Australia's business registers and undertake targeted uplifts, including linking Director Identification Numbers to the Company Register.</p> <p>This reform is intended to improve the quality of information available to investors and creditors about directors and further support efforts to combat illegal phoenixing.</p>
Delivering a better deal for small businesses in the franchising sector	<p>Funding of \$7.1 million over two years from 2025–26 for the ACCC to strengthen regulatory oversight of the Franchising Code of Conduct.</p> <p>Funding of \$0.8 million in 2025–26 for Treasury to develop and consult on options to extend protections against unfair trading practices to small businesses and protect businesses regulated by the Franchising Code of Conduct from unfair contract terms and unfair trading practices.</p>
Financial reporting governance arrangements.	Funding of \$0.8 million in 2025–26 for Treasury to reform Australia's financial reporting governance arrangements
Banning non-compete clauses for low- and middle-income workers	<p>Ban non-compete clauses for low- and middle-income workers, i.e. workers earning less than the high-income threshold in the Fair Work Act (currently \$175,000) from 2027.</p> <p>This will allow Australian workers to move to more productive, higher-paying jobs and start their own business.</p>
Close loopholes in competition law	<p>Close loopholes in competition law that allow businesses to make arrangements that cap workers' pay and conditions without the knowledge and agreement of affected workers, or block staff from being hired by competitors.</p> <p>This measure is intended to bring Australia into line with many other advanced nations and ensure a fairer, more competitive job market.</p>
Funding to deter illegal phoenixing activities	Funding of \$3.0 million over four years from 2025–26 for ASIC to improve its data analytics capability to better target enforcement activities to deter illegal phoenixing activities, particularly in the construction sector

Source: Budget Paper No. 1 page 27;  
 Budget Paper No. 2 pages 41, 75, 77 and 78  
 Fact Sheet, Budget 2025–26, Backing small business  
 Budget Overview: Supporting small businesses page 45  
 Treasurer's Media Release: Cracking down on non-compete clauses to  
 boost wages and productivity, 25 March 2025  
 Treasurer's Media Release: More energy bill relief for every Australian  
 household and for small business, 25 March 2025

## Compliance

### » 2025–26 Federal Budget – Amendments to existing measures

#### KEY POINTS

- ◇ The Government has announced that it will amend the tax laws to:
  - clarify arrangements for MITs to ensure legitimate investors can continue to access concessional withholding tax rates in Australia complementing the ATO's strengthened guidelines to prevent misuse – for fund payments from 13 March 2025
  - make clear that trusts ultimately owned by a single widely-held investor (e.g. a foreign pension fund) are able to access the MIT concessions.
- ◇ The proposed start date of 1 July 2025 will be deferred for the measures:
  - extending the clean building MIT withholding tax concession – to the first 1 January, 1 April, 1 July or 1 October after the Act receives Royal Assent
  - strengthening the foreign resident capital gains tax regime – to later of 1 October 2025 or the first 1 January, 1 April, 1 July or 1 October after the Act receives Royal Assent.

#### Background – Arrangements for MITs

The Managed Investment Trust (MIT) withholding regime was implemented to provide concessional taxation to Australian collective investment vehicles that predominantly undertake passive investment.

On 7 March 2025 the ATO issued Taxpayer Alert TA 2025/1 Managed investment trusts: restructures to access the managed investment trust withholding regime alerting taxpayers that it was reviewing restructure arrangements entered into by existing trusts or other inward investment structures to inappropriately access the MIT withholding regime. Of particular concern are restructuring steps that are done for the purpose of accessing the MIT withholding regime. The ATO has stated that it will take enforcement action where taxpayers engage in non-commercial restructures to inappropriately access MIT withholding tax benefits.

On 13 March 2025, the Assistant Treasurer announced that the Government will complement the ATO's Tax Alert by amending the income tax laws to:

- ◇ maintain current industry practice and understanding of the operation of the MIT pooling requirements under Div 275 of the ITAA 1997 and remove ambiguity around the use of MITs; and
- ◇ make clear that trusts ultimately owned by a single widely-held investor (e.g. a foreign pension fund) are able to access the MIT concessions.

The proposed changes to the tax law will not affect the ATO's power to take action using the General Anti-Avoidance Rules (GAAR) in Part IVA of the ITAA 1936.

### Proposed amendment

The Government will amend the tax laws to clarify arrangements for MITs to ensure legitimate investors can continue to access concessional withholding tax rates in Australia complementing the ATO's strengthened guidelines to prevent misuse.

**APPLICATION DATE**  
For fund payments from  
13 March 2025

Measure	Proposed start date	
	Existing	Deferred to ...
Extending the clean building MIT withholding tax concession (currently 10%) to data centres and warehouses that meet energy efficiency standards		the first 1 January, 1 April, 1 July or 1 October after the Act receives Royal Assent
<p>Strengthening the foreign resident capital gains tax regime – changes to Div 855 of the ITAA 1997 to:</p> <ul style="list-style-type: none"> <li>◇ clarify and broaden the types of assets on which foreign residents are subject to CGT</li> <li>◇ amend the point-in-time principal asset test to a 365-day testing period</li> <li>◇ require foreign residents disposing of shares and other membership interests exceeding \$20 million in value to notify the ATO, prior to the transaction being executed.</li> </ul>	1 July 2025	the later of 1 October 2025 or the first 1 January, 1 April, 1 July or 1 October after the Act receives Royal Assent.

Source: Budget Paper No. 2 page 4;

Assistant Treasurer's Media Release:

Clarifying tax arrangements for managed investment trusts, 13 March 2025

## » 2025–26 Federal Budget – Enhancing tax practitioner regulation and compliance

### KEY POINTS

- ◊ The Government has announced that it will:
  - strengthen the sanctions available to the Tax Practitioners Board (TPB)
  - modernise the registration framework for tax practitioners, and
  - provide funding to the TPB to undertake additional compliance targeting high-risk tax practitioners over four years from 1 July 2025.
- ◊ This measure is intended to protect taxpayers from tax agent misconduct and maintain community confidence in the integrity of the tax system.

As part of the 2025–26 Federal Budget, the Government announced that it will:

- ◊ strengthen the sanctions available to the Tax Practitioners Board (TPB);
- ◊ modernise the registration framework for tax practitioners; and
- ◊ provide funding to the TPB to undertake additional compliance targeting high-risk tax practitioners over four years from 1 July 2025.

This measure is intended to:

- ◊ protect taxpayers from tax agent misconduct, including poor and unlawful tax advice, and to maintain community confidence in the integrity of the tax system; and
- ◊ support the sustainability of the tax profession by increasing the ease of re-entry for tax and business activity statement agents who take career breaks.

This measure implements recommendations from the 2019 Independent Review of the TPB. The Government will consult on the implementation details of the measure.

*Source: Budget Paper No. 2 page 4*

## » 2025–26 Federal Budget – Strengthening tax integrity

### KEY POINTS

- ◊ The Government has announced that it will provide additional funding to the ATO including:
  - \$717.8 million over four years from 1 July 2025 for a two-year expansion and a one-year extension of the Tax Avoidance Taskforce
  - \$155.5 million over four years from 1 July 2025 to extend and expand the Shadow Economy Compliance Program
  - \$75.7 million over four years from 1 July 2025 to extend and expand the Personal Income Tax Compliance Program
  - \$50.0 million over three years from 1 July 2026 to extend the Tax Integrity Program.

As part of the 2025–26 Federal Budget, the Government announced that it will provide the ATO with additional funding to strengthen the fairness and sustainability of Australia's tax system including:

**START DATE**  
From 1 July 2025

- ◇ for a two-year expansion and a one-year extension of the Tax Avoidance Taskforce, which supports the ATO's continued tax compliance scrutiny on multinationals and other large taxpayers – \$717.8 million over four years from 1 July 2025;
- ◇ to extend and expand the Shadow Economy Compliance Program to reduce shadow economy behaviour such as worker exploitation, under-reporting of taxable income, illicit tobacco and other shadow economy activity that enables non-compliant businesses to undercut competition – \$155.5 million over four years from 1 July 2025;
- ◇ to extend and expand the Personal Income Tax Compliance Program to enable the ATO to continue to deliver a combination of proactive, preventative and corrective activities in key areas of non-compliance – \$75.7 million over four years from 1 July 2025; and
- ◇ to extend the Tax Integrity Program to enable the ATO to continue its engagement program to ensure timely payment of tax and superannuation liabilities by medium and large businesses and wealthy groups – \$50.0 million over three years from 1 July 2026.

Source: Budget Paper No. 2 page 7

## Related Laws

### » 2025–26 Federal Budget – Restricting foreign ownership of housing

#### KEY POINTS

- ◇ The Government has announced that it will take action to:
  - ban foreign investors from buying established homes for at least two years – from 1 April 2025 until 31 March 2027, subject to exceptions for:
    - ◇ investments that significantly increase or support the availability of housing supply on a commercial scale;
    - ◇ purchases by foreign owned companies to provide housing for workers in certain circumstances; and
    - ◇ the Pacific Australia Labour Mobility scheme
  - provide funding to the ATO and to Treasury to enforce the ban and to ensure compliance with land development conditions.
- ◇ The ATO and Treasury will publish updated policy guidance before the commencement of these changes.

## Background

The Treasurer announced in a media release on 16 February 2025 that the Albanese Government will ban foreign investors from buying established homes for at least two years – from 1 April 2025 until 31 March 2027 – and crack down on foreign land banking.

Foreign investors are subject to development conditions when they acquire vacant land in Australia to ensure that it is put to productive use within reasonable timeframes. Foreign investors acquiring vacant residential land will be subject to heightened scrutiny to ensure that they comply with development conditions.

**START DATE**  
From 1 July 2025

### Proposed changes

The Government will:

- ◇ ban foreign persons (including temporary residents and foreign-owned companies) from purchasing established dwellings for two years from 1 April 2025, unless an exception applies; and
- ◇ provide funding of \$5.7 million to the ATO over four years from 2025–26 to enforce the ban; and
- ◇ provide \$8.9 million to the ATO and Treasury over four years from 2025–26 and \$1.9 million per year ongoing from 2029–30 to implement an audit program and enhance their compliance approach to target land banking by foreign investors.

This means that from 1 April 2025, foreign investors (including temporary residents and foreign-owned companies) will no longer be able to purchase an established dwelling in Australia while the ban is in place unless an exception applies.

Exceptions include:

- ◇ investments that significantly increase or support the availability of housing supply on a commercial scale;
- ◇ purchases by foreign owned companies to provide housing for workers in certain circumstances; and
- ◇ the Pacific Australia Labour Mobility (PALM) scheme. The ATO and Treasury will publish updated policy guidance before the commencement of these changes.

*Source: Budget Paper No. 2 page 6  
Treasurer's Media Release: Albanese Government clamping down on  
foreign purchase of established homes and land banking, 16 February 2025*

## Other measures

### » 2025–26 Federal Budget – Women’s Budget Statement

#### KEY POINTS

- ◇ The Women’s Budget Statement focuses on the following priorities:
  - gender-based violence
  - unpaid and paid care
  - economic equality and security
  - health
  - leadership, representation and decision making.
- ◇ Some of the key initiatives include:
  - funding to invest in family violence services for First Nations communities and the expansion of the Safe Places Emergency Accommodation Program
  - improvements to victim and survivor engagement with the justice system
  - cost-of-living relief including energy bill relief and an increase to the maximum rent assistance rates
  - investments in women’s health
  - funding towards wage increases for aged care workers
  - establishing a place-based business mentoring and coaching program to provide First Nations women with greater access to the resources, networks and support they need to launch a viable business, commercialise a viable business idea or grow an existing business.

Working for Women: A Strategy for Gender Equality (Working for Women) is the Government’s ten-year commitment to ‘shift the dial’ on gender equality.

The Women’s Budget Statement is now a reporting mechanism for Working for Women. The Women’s Budget Statement reports on the Government’s investments to implement Working for Women.

The 2025–26 Women’s Budget Statement focuses on five priorities, which mirror the priority areas of Working for Women:

1. gender-based violence
2. unpaid and paid care
3. economic equality and security
4. health
5. leadership, representation and decision making.

The Government has announced measures as part of the Federal Budget, including to:

- ◇ continue action under the Aboriginal and Torres Strait Islander Action Plan 2023–2025 to deliver critical prevention, early intervention and response services to address family, domestic, and sexual violence in high needs First Nations communities

- ◇ provide funding to invest in critical services and infrastructure that support the safety and wellbeing of First Nations women, children and families in the Northern Territory;
- ◇ reallocate funding to extend the Safe Places Emergency Accommodation Program and support the completion of three projects;
- ◇ improve victim and survivor engagement with the justice system and inform a broader response to the ALRC Inquiry into Justice System Responses to Sexual Violence;
- ◇ provide funding for the Workplace Gender Equality Agency and Australian Public Service Commission to support continued work on public sector reporting requirements, including for workplace sexual harassment;
- ◇ continue the commitment to increase the wages for aged care nurses, expand the Primary Care Nursing and Midwifery Scholarship Program by 400 places, and the provision of salary incentives for junior doctors and paid parental leave and study leave for trainee GPs to help compensate for the entitlements that junior doctors lose when they move out of the hospital system;
- ◇ deliver additional energy bill relief and increase the maximum rates of Commonwealth Rent Assistance;
- ◇ invest in additional contraceptive options and new types of menopausal therapies;
- ◇ improve the affordability of endometriosis treatment on the PBS and increase targeted health care for endometriosis;
- ◇ continue support to maternity services and more affordable access to early IVF treatment through the PBS;
- ◇ provide funding for mental health supports for First Nations people, digital mental health services and wellbeing support for the LGBTIQ+ community;
- ◇ enhance access to affordable health care by increasing funding to expand eligibility for bulk billing incentives, establish 50 additional Medicare Urgent Care Clinics, and reductions to the general patient co-payment under the PBS;
- ◇ support for First Nations health care;
- ◇ establish a place-based business mentoring and coaching program to provide First Nations women with greater access to the resources, networks and support they need to launch a viable business, commercialise a viable business idea or grow an existing business.

» **2025–26 Federal Budget – Supporting philanthropy – Updates to specifically listed DGRs**

KEY POINTS

- ◇ The Government has announced that it will amend the tax law to specifically list a number of organisations as deductible gift recipients.

As part of the 2025–26 Federal Budget, the Government announced that it will amend the tax law to specifically list the following organisations as deductible gift recipients (DGRs):

Organisation	For gifts received ...	
	after	before
Community Foundations Australia Ltd	30 June 2025	1 July 2030
Equality Australia Ltd		
Foundation Broken Hill Limited		
Social Enterprise Australia Ltd		
Sydney Chevra Kadisha		
St Patrick's Cathedral Melbourne Restoration Fund	30 June 2027	1 July 2032

The Government will enable Foundation Broken Hill Limited and Lord Mayor's Charitable Foundation to retain their specific listing status in the tax law, allowing them to undertake charitable activities unique to their communities that would otherwise fall outside the community charity DGR category. They will no longer be included on a list of entities for DGR endorsement by the ATO as a community charity.

*Source: Budget Paper No. 2 page 7*